

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6116

BILL NUMBER: SB 106

DATE PREPARED: Feb 12, 2001

BILL AMENDED: Feb 12, 2001

SUBJECT: Public school scholarship program.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes a public elementary and secondary school scholarship program. It allows the parent of a public school student to request a scholarship for the student to enroll in: (1) a different public school in the student's base school corporation; or (2) a public school in a different school corporation. The bill provides an allocation of public funds for scholarship students between the base school corporation and the receiving school corporation, and provides that the parent is responsible for any additional costs. The bill also requires the parent to provide student transportation. It provides that the laws concerning transfer students, including court ordered transfer students, do not apply to a student who attends a public school outside the student's base school corporation under the public elementary and secondary school scholarship program. The bill provides that if adjoining school corporations enter into an interlocal agreement under which students may attend school in the adjoining school corporations, the terms of the interlocal agreement, rather than transfer tuition statutes, govern the payment of costs.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The provisions of this bill are not likely to affect the amount of funding that is generated by the school funding formula since students who transfer to a different school corporation will still be counted as a member of the school corporation from which the student originated (the base corporation).

The overall effects of this bill will depend upon the decisions made by the parents of the children who are currently enrolled in the state's public schools. The reported K-12 student enrollment in the 2000 - 2001 school year is 989,831. Each pupil would be eligible. The number of pupils who participate in this program will depend upon the satisfaction of the parent and the child with the child's current school experience, the availability of other programs in either the same school corporation or another school corporation, the ability of the parent to pay for any difference in tuition, and the willingness of superintendents and principals of

school corporations to accept pupils from other school corporations.

This bill could reduce expenditures that the state pays for transportation assistance to local schools. The transportation distribution of the school formula defines eligible pupils as "...those counted in the average daily membership (ADM) and transported more than one mile..." (IC 21-3-3.1-2.1). Since the base corporation would no longer be responsible for transporting those pupils who attend a public school in another school corporation, these pupils would no longer appear in the school formula for transportation purposes. The average amount of transportation assistance in 2000 was \$68 and the highest was \$2,422 per eligible pupil transported.

The administrative costs for the Department of Education can be covered within their existing budget.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill could affect both the operations and revenues of school corporations who lose students and those school corporations who gain students under the Public Elementary and Secondary School Scholarship Program. Since the transfer of students requires the approval of both the superintendent and principal that enroll the students, it is possible that no significant changes would occur if they might disrupt school operations or require significant additions of staff and capital facilities for the school enrolling the students.

Effects on Base School Corporations: If school children leave the base corporation and enroll in another school corporation, the base school corporation would lose half of the state support that it receives. Based on estimated state aid for the 2001 calendar year, the revenue loss could range from \$548 to \$4,421 per student.

If the school corporation loses sufficient students, it could reduce staff and possibly facilities. If a significant number of children remain in the base corporation but move to a different school within that corporation, the school corporation may need to rearrange classroom space, transfer teachers, and make other adjustments to accommodate the shift in students.

Effects on Public School Corporations to which Pupils Transfer: Since each student who transfers would be permitted to receive one half of the state assistance per ADM from their base school corporation, the student's scholarship would range from \$548 to \$4,421. Based on CY2001 estimated tuition support, the average scholarship per student would be an estimated \$1,744. (The average CY2001 estimated state support per ADM for Indiana's 294 school corporations is \$3,488 and ranges from \$1,096 to \$8,842.)

Parents of the transferring pupils are responsible for the difference between the costs of attending the school and the scholarship.

School corporations would also need to meet annually with the parents of the transferred student to discuss the student's progress and to determine whether the student's scholarship may be renewed for the following year.

The bill provides that if adjoining school corporations enter into an interlocal agreement under which students may attend school in the adjoining school corporations, the terms of the interlocal agreement, rather than transfer tuition statutes, govern the payment. The interlocal agreement may be a saving to the school sending the student to the other school corporation. The impact would depend on the number of schools

entering into the agreements.

Explanation of Local Revenues: See Explanation of Local Expenditures.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education.